

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 00451 01 OF 02 111201Z

44

ACTION EA-14

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 4SCEM-02 INT-08 SCI-06 IO-14 AGR-20

DRC-01 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 /215 W

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R 110905Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9230

PKFO RUESBI/AMEMBASSY ABU DHABI 0026

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY BEIRUT

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 0451

DEPT PASS CAIRO

KUWAIT PASS DOHA

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: EAID, JA

SUBJ: JAPAN'S ECONOMIC COOPERATION WITH MIDDLE EAST COUNTRIES

AFTER MIKI TRIP

REF: A. TOKYO 0201; B) TOKYO 16463; C) TOKYO 15525;

D) TOKYO 0075

SUMMARY: IN WAKE OF MIKI VISIT GOJ STUDYING VARIOUS REQUESTS FROM ME COUNTRIES FOR TECHNICAL AND LOAN ASSISTANCE. SURVEY MISSIONS FOR TECHNICAL TRAINING CENTERS WILL BE DISPATCHED TO SUADI ARABIA AND EGYPT. GOVERNMENT LOAN REQUESTS FROM EGYPT, SYRIA AND IRAN UNDER STUDY. GOJ WILL CONCLUDE BROAD ECONOMIC
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PAGE 02 TOKYO 00451 01 OF 02 111201Z

COOPERATION AGREEMENT WITH IRAQ. END SUMMARY.

1. ON JANUARY 10 EMBOFF MET MATSUMOTO, DEPUTY HEAD, FIRST TECHNICAL COOPERATION DIVISION, KAI, DEPUTY HEAD, SECOND TECHNICAL COOPERATION DIVISION; AND, LATER WITH TANIDA, HEAD, FIRST ECONOMIC COOPERATION DIVISION (LOANS), ECONOMIC COOPERATION BUREAU, FONOFF. ALTHOUGH THESE OFFICIALS DID NOT ACCOMPANY MIKI MISSION TO MIDDLE EAST IN DECEMBER, THEY HAVE RECEIVED BRIEFINGS ON ITS RESULTS AND WILL BE CONCERNED WITH IMPLEMENTATION OF FUTURE TECHNICAL COOPERATION AND GOVERNMENT LAON ASSISTANCE TO MIDDLE EAST.

2. KAI AND MATSUMOTO PROVIDED FOLLOWING INFORMATION ABOUT TECHNICAL COOPERATION:

A) GENERAL: MIKI ALLUDED TO ECONOMIC COOPERATION ONLY BRIEFLY IN HIS MEETINGS WITH ME LEADERS. ECONOMIC COOPERATION DISCUSSIONS WERE CONDUCTED BY EXPERTS' GROUP UNDER SABURO OKITA, PRESIDENT, OVERSEAS ECONOMIC COOPERATION FUND (REF A). EXCEPT FOR MATTERS MENTIONED IN FOLLOWING SUB-PAFAS, DISCUSSIONS WERE GENERALLY VAGUE, AND FURTHER EVALUATION WILL BE REQUIRED BEFORE DECISIONS CAN BE REACHED. KAI'S DIVISION IS ESPECIALLY INTERESTED IN POSSIBILITY OF AGRICULTURAL PROJECTS. YASUJI ISHIGAKI, DEPUTY HEAD OF INTERNATIONAL COOPERATION DIVISION IN ECONOMIC COOPERATION BUREAU, NUWHO ACCOMPANIED MIKI, IS NOW WITH GROUP HEADED BY MITI MINISTER NAKASONE AND WILL CONTINUE DISCUSSIONS ON ECONOMIC COOPERATION WITH IRAN AND IRAQ.

B) SAUDI ARABIA: AGREEMENT WAS REACHED FOR JAPAN TO SEND 100 EXPERTS OVER FIVE YEAR PERIOD AND TO RECEIVE 300 SAUDI TRAINEES DURING SAME PERIOD, ALL AT GOJ EXPENSE. KINDS OF EXPERTS AND TRAINEES TO BE SENT AND RECEIVED NOT YET DECIDED, GOJ INTENDS ESTABLISH SMALL TECHNICAL TRAINING CENTER IN SAUDI ARABIA AND PLANS SEND SURVEY TEAM IN MARCH FOR TWO WEEK STUDY OF PROJECT.

C) IRAQ: GOJ WOULD LIKE TO CONCLUDE GOVERNMENT-TO-GOVERNMENT ECONOMIC COOPERATION UMBRELLA AGREEMENT PROVIDING FOR INTER ALIA, GOJ FINANCIAL SUPPORT TO JAPANESE PRIVATE INDUSTRIES TO ENCOURAGE THEIR ADVANCE INTO IRAQ (SEE REF A PARA 4); TECHNICAL COOPERATION; AND FINANCIAL ASSISTANCE. QUESTION OF SUCH AGREEMENT IS NOW UNDER REVIEW WITHIN GOJ, BUT TIMING ON DECISION IS UNCERTAIN. (SEE BELOW PARA 3C).
CONFIDENTIAL

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PAGE 03 TOKYO 00451 01 OF 02 111201Z

D) EGYPT: GOJ HOPES TO SEND SURVEY TEAM IN APRIL OR MAY TO CONDUCT FEASIBILITY STUDY OF PROPOSED TECHNICAL TRAINING CENTER IN CAIRO.

E) KUWAIT: KUWAIT EXPRESSED INTEREST IN JAPANESE TECHNICAL COOPERATION, THOUGH NOT IN FINANCIAL ASSISTANCE. IT ALSO PROPOSED FORMATION OF JOINT VENTURES USING KUWAIT FUNDS AND JAPANESE TECHNICAL ASSISTANCE TO HELP POOR

COUNTRIES SUCH AS SUDAN.

3. TANIDA PROVIDED THE FOLLOWING INFORMATION RE GOVERNMENT LOANS:

A) GENERAL: TANIDA SAID THAT QUESTION OF GOVERNMENT LOANS HAD NOT BEEN DISCUSSED DURING VISITS TO SAUDI ARABIA, ABU DHABI, OR KUWAIT; RATHER, THERE HAD BEEN BROAD DISCUSSION OF ECONOMIC AND TECHNICAL COOPERATION AND POSSIBLE COMMERCIAL LOANS. (IN TALKS WITH SAUDIS, MOST IMPORTANT ITEM OF DISCUSSION

WAS THEIR REQUEST FOR ASSURED JAPANESE EXPORTS OF COMMODITIES SUCH AS CEMENT, PLASTIC, AND FERTILIZER, WHICH SAUDIS SAID THEY URGENTLY NEED (REF A PARA 5). MITI IS NOW ATTEMPTING TO FORMULATE A POSITIVE RESPONSE TO THIS REQUEST, BUT AS EXPORTS ARE PRIVATE COMMERCIAL MATTER, IT UNCERTAIN DEGREE TO WHICH MITI CAN OBTAIN RESULTS, ACCORDING TO TANIDA. AS DEPARTMENT IS AWARE, GOJ RECEIVED SIMILAR REQUEST FROM IRAN).

B) EGYPT: 1) MIKI PLEDGED \$140-MILLION LOAN FOR SUEZ CANAL. EXTENSION UNQTE (REF A PARA 6), AT 2 PERCENT INTEREST AND TWENTY-ONE YEAR REPAYMENT PERIOD (INCLUDING SEVEN YEARS' GRACE). EGYPTIANS REQUESTED ADDITIONAL LOAN OF \$140 MILLION FOR THE PROJECT; MIKI PROMISED TO CONSIDER MATTER AFTER RETURNING TO JAPAN, BUT MADE NO COMMITMENTS IN CAIRO. THIS REQUEST WILL BE STUDIED BY CONCERNED JAPANESE MINISTRIES, BUT TANIDA UNABLE PREDICT LIKELY RESULT, NOTING CONTINUING POLITICAL INSTABILITY IN THE AREA. HE ALSO SAID GOJ HAD NO DESIRE MONOPOLIZE CANAL PROJECT AND WOULD WELCOME PARTICIPATION OTHER COUNTRIES. HE UNAWARE WHETHER EGYPT DISCUSSING MATTER WITH OTHER POTENTIAL DONORS.

II) EGYPT ALSO REQUESTED ADDITIONAL COMMODITY TON OF \$100 MILLION DOLLARS OVER TWO YEARS (SEE N F B PARA 7 WHICH REPORTED \$150 MILLION HAD BEEN REQUESTED). THIS CAME AS SURCONFIDENTIAL

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PAGE 04 TOKYO 00451 01 OF 02 111201Z

RISE TO JAPANESE DISBURSEMENT UNDER DRYDEN LOAN OF \$10 MILLI*

(REF C, PARA C) HAS JUST BEGUN AND JABRANESE DID NOT EXPECT SUCH REQUEST AT THIS TIME. MIKI SAID REQUEST WOULD BE STUDIED FOLLOWING MISSION'S RETURN TO TOKYO, AND IT NOW UNDER CONSIDERATION, ACCORDING TO TANIDA, DUE TO POLITICAL CONSIDERATIONS, GOJ CANNOT REJECT THIS REQUEST TOTALLY BUT MUST ACCEPT IT AT LEAST IN PART.

NOTE BY OC/T: NOT PASSED CAIRO.

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PAGE 01 TOKYO 00451 02 OF 02 111133Z

43

ACTION EA-14

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02

INT-08 SCI-06 IO-14 AGR-20 DRC-01 /215 W

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R 110905Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9231

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY BEIRUT

C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 0451

DEPT PASS CAIRO

KUWAIT PASS DOHA

BEIRUT PASS BAGHDAD

C) IRAQ: IRAQ AND JAPAN HAD DISCUSSED GOVERNMENT AND PRIVATE ECONOMIC COOPERATION PRIOR TO MIKI VISIT, AND GOI HAD EXPRESSED ITS DESIRE CONCLUDE BROAD ECONOMIC AND TECHNICAL COOPERATION AGREEMENT COVERING PRIVATE AND GOVERNMENTAL ACTIVITIES (SEE ABOVE PARA 2C). GOJ HAD RECEIVED IRAQI DRAFT AGREEMENT THROUGH ITS EMBASSY BAGHDAD PRIOR TO MIKI VISIT, BUT HAD NOT COMPLETED ITS STUDY OF THE DRAFT BY TIME OF MIKI VISIT AND THUS UNABLE TO DISCUSS IT AT THAT TIME. DUE GOI DESIRE CONCLUDE AGREEMENT PRIOR DISCUSSING PARTICULAR PROJECTS, NO PROJECTS DISCUSSED. MIKI DID AGREE, HOWEVER, TO CONCLUDE GOVERNMENTAL AGREEMENT ON ECONOMIC COOPERATION MATTERS. SINCE MIKI'S RETURN, GOJ COUNTER-DRAFT HAS BEEN SUBMITTED TO GOI AND WILL BE PURSUED THROUGH NORMAL

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PAGE 02 TOKYO 00451 02 OF 02 111133Z

DIPLOMATIC CHANNELS (INDEPENDENTLY OF NAKASONE VISIT).

D. SYRIA: DURING MIKI VISIT, SYRIA REQUESTED THAT GOJ ASSIST WITH CONSTRUCTION OF NEW OIL REFINERY TO REPLACE ONE DESTROYED IN WAR. SEVERAL JAPANESE COMPANIES ARE INTERESTED IN THIS PROJECT, AND GOJ WILL EXAMINE SYRIAN REQUEST.

D) IRAN: ACCORDING TO MITI, NAKASONE HAS ADVISED IRAN THAT GOJ WILL PARTICIPATE IN ONE BILLION DOLLAR OIL REFINERY PROJECT, HOWEVER, EXTENT OF GOVERNMENTAL PARTICIPATION HAS NOT BEEN DECIDED AND MUST AWAIT CLARIFICATION OF DETAILS. FEASIBILITY STUDY IS ALSO NECESSARY (SEE REF D). THIS WOULD BE IN ADDITION TO PETROCHEMICAL COMPLEX PROJECT TO WHICH GOJ HAD COMMITTED ITSSELF TO MAKE EXIM LOANS TWO YEARS AGO, IMPLEMENTATION OF WHICH HAS BEEN DELAYED BECAUSE OF QTE TECHNICAL PROBLEMS UNQTE. OTHER PROJECTS WHICH NAKASONE DISCUSSED INCLUDED COMMERCIAL PROJECT FOR AUTO PRODUCTION BY TOYOTA, STEEL MILL AND AN ELECTRONICS PRODUCT FACTORY. SHOESMITH

NOTE BY OC/T: NOT PASSED CAIRO.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, PETROLEUM, WAR, TECHNICAL ASSISTANCE, MINISTERIAL VISITS, EMBARGOES, FOREIGN POLICY POSITION, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO00451
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740146/aaaabrkg.tel
Line Count: 242
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. TOKYO 0201; B) TOKYO 16463; C) TO, KYO 15525;
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2002 by worrelsw>; APPROVED <20 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPAN'S ECONOMIC COOPERATION WITH MIDDLE EAST COUNTRIES AFTER MIKI TRIP
TAGS: EAID, JA, XF, (MIKI, TAKEO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005